

SENATE BILL REPORT

HB 2437

As Reported By Senate Committee On:
Ways & Means, February 06, 2008

Title: An act relating to authorization for projects recommended by the public works board.

Brief Description: Authorizing public works board projects.

Sponsors: Representatives Seaquist, McDonald, Fromhold, Armstrong, Takko, Hankins, Blake, Lantz, Morrell, McCoy, McIntire, Kenney, Schual-Berke, Appleton, Kagi, Sullivan, Dunn, Chase, Upthegrove, Lias, Simpson, Barlow, Ericks, Green and Warnick; by request of Department of Community, Trade, and Economic Development.

Brief History: Passed House: 1/23/08, 97-0.

Committee Activity: Ways & Means: 2/06/08 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Brian Sims (786-7431)

Background: The Public Works Assistance Account (PWAA) was created by the Legislature in 1985 to provide a source of loan funds to assist local governments and special purpose districts with infrastructure projects. The Public Works Board (Board), within the Department of Community, Trade and Economic Development (CTED), is authorized to make low-interest loans from the account to finance the repair, replacement, or improvement of the following public works systems: bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans. The PWAA receives dedicated revenue from taxes on water, sewer service, and garbage collection; a portion of the real estate excise tax; and loan repayments. The PWAA appropriation is included in the Capital Budget, but the project list is submitted annually in separate legislation. The CTED received an appropriation of \$327 million from the PWAA in the 2007-09 Capital Budget. The funding is available for public works project loans in the 2008 and 2009 loan cycles. Each year, the Board is required to submit a list of public works projects to the Legislature for approval. The Legislature may remove projects from the list, but it may not add any projects or change the order of project priorities.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Legislative approval is not required for pre-construction activities, planning loans, or emergency loans.

Summary of Bill (Recommended Amendment): As recommended by the Board, 52 PWAA project loans totaling \$278 million are authorized for the 2008 loan cycle. All of the appropriation available for construction loans in the 2007-09 biennium is being used for the 2008 loan list. Of the 52 authorized projects: ten are domestic water projects totaling \$48.8 million; 34 are sanitary sewer projects totaling \$187 million; six are road projects totaling \$39.8 million; and two are solid waste projects totaling \$2.4 million. All loans must be made with a 0.5 percent interest rate

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendment): The amendment reduces the interest rate for loans to eight projects from 1 percent or 2 percent to 0.5 percent. This will make all of the 2008 loans at the 0.5 percent interest rate. This saves a total of \$73,000 per year for debt service costs for those eight projects.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: The Public Works Board is a model of good government. A professional board and staff reviews projects for funding. Fast approval of the list is necessary so that project construction can start earlier and jurisdictions can save on potential inflation costs. Approval of the list is also an affirmation of the state's support of investment in local infrastructure.

Persons Testifying: PRO: Representative Seaquist, prime sponsor; Kelly Snyder, CTED.